

State of Maine  
Office of Securities  
121 State House Station  
Augusta, Maine, 04333-0121

In Re:  
Peter C. Bishop

Consent Order  
11-7784

This is an order of the Securities Administrator issued under 32 M.R.S.A. § 16412 with the consent of Peter C. Bishop ("Bishop") CRD#1995038. Without admitting or denying the conclusions of law set forth below, Bishop admits the findings of fact set forth below, agrees to the entry of this Consent Order, agrees that it shall have the same preclusive effect as an order issued after hearing and waives his right to a hearing and to judicial review.

**I. FINDINGS OF FACT**

1. Bishop is a resident of Saco, Maine. At all relevant times until September 14, 2011, Bishop was an agent and investment adviser representative of RBC Capital Markets, LLC ("RBC") in Portland, Maine.
2. On or about January 4, 2011, Bishop completed a transaction in a client account without the client's prior authorization and marked the trade order as solicited although, unbeknownst to Bishop at the time he entered the trade order, the client had passed away on December 18, 2010. Bishop did not have a written discretionary authority agreement with respect to the account.
3. Bishop represented to the Office of Securities ("the Office") that in November 2010 he had discussed with his client a strategy to transfer equities into fixed income funds over a period of six months that met with her approval. Bishop further represented to the Office that, prior to her death, he discussed with his client the specific commodities fund purchased for his client's account on January 4, 2011, but not the precise timing, amount, or purchase price.
4. According to Bishop, his normal practice when effecting trades for this client was to leave a message on her answering machine when he could not reach her directly informing her of the trade he proposed to make. On January 4, 2011, when he did not reach the client by telephone, he also submitted the trade ticket with the intent to cancel it if the client had not returned his call by the close of business because he did not have discretionary authority for the account.
5. Bishop did not receive confirmation from the client on January 4, 2011 and he did not cancel the trade at the end of the day.

6. That evening Bishop received a call from the client's son informing him that his mother had passed away on December 18, 2010. Bishop made a notation of the client's death in his Day-Timer on January 4, 2011.
7. On January 5, 2011, Bishop submitted a Trade Error Form to reverse the trade. The corrective action described on the form indicated: "Trade needs to be busted. Broker used discretion in a non-discretionary account." No mention of the client's death was made on the Trade Error Form.
8. Bishop provided a statement to FINRA dated October 21, 2011 in which he explained that he had asked his sales assistant to cancel the January 4, 2011 trade the next morning "with the news that the client had passed away." Notwithstanding, the account was not marked as "deceased" and Bishop could provide no explanation to the Office for why the form, which he signed, indicated lack of discretion as the reason the trade was cancelled.
9. Bishop made subsequent trades in the deceased client's account on April 21, 2011, July 29, 2011 and September 6, 2011. He represented to the Office that he recalled having left a voicemail for the client prior to the April 21, 2011 and September 6, 2011 trades, but did not recall having left a message with the client or in fact even placing the July 29, 2011 trade.
10. On the evening of September 6, 2011, Bishop received a call from the client's son reminding him that his mother had passed away in December 2010.
11. On September 7, 2011, Bishop submitted a Trade Error Form to reverse the September 6, 2011 trade with the explanation: "Broker purchased after client passed away."
12. On September 9, 2011, the client's daughter, the executor of her mother's estate, sent an email to Bishop apologizing for not contacting him sooner to discuss her mother's account. She indicated, however, that she was aware that her brother had been in touch with Bishop after their mother's death to inform him of her passing.
13. Bishop forwarded the email to his sales associate and asked her to perform a valuation of the account as of the date of the client's death and to verify the beneficiaries on the account. When the associate reviewed the account she noticed 3 trades in the account, other than the September 6, 2011 trade, that Bishop had made after the client's date of death. She notified her supervisor of this finding.
14. On September 14, 2011, Bishop was terminated from his employment with RBC for violating company policy by placing trades in the account of a deceased client.



## **II. CONCLUSIONS OF LAW**

1. The Maine Uniform Securities Act grants authority to the Securities Administrator to take disciplinary action against a licensee if she determines that it is in the public interest and the licensee has engaged in unlawful, dishonest or unethical practices in the securities business. Under that authority, the Securities Administrator may “revoke, suspend, condition or limit the license of a licensee.” She may also “censure, impose a bar on or impose a civil fine in an amount not to exceed a maximum of \$5,000 per violation on a licensee.” 32 M.R.S. §§ 16412(1)-(4).
2. Office of Securities Rule Chapter 504(8) lists practices that are considered to be “dishonest or unethical” under 32 M.R.S.A. § 16412(4)(M) if committed by a broker-dealer or agent. Among the “dishonest or unethical practices” listed are: “[e]ffecting a transaction in a customer’s account without authority to do so,” and “[e]xercising any discretionary power in effecting a transaction for a customer’s account without first obtaining written discretionary authority from the customer....”
3. Rule Chapter 515(14) similarly identifies unauthorized discretionary trading by an investment adviser or investment adviser representative as a “dishonest or unethical” practice under 32 M.R.S.A. § 16412(4)(M).
4. Bishop’s acts of trading in a deceased client’s account without authorization and without discretionary authority are “dishonest or unethical” practices under the law and constitute grounds for disciplinary action under 32 M.R.S.A. § 16412(4)(M) and Rule Chapters 504 and 515.
5. This Consent Order is in the public interest because it will tend to deter Bishop and others from engaging in similar conduct in the future.

## **III. ORDER**

1. Bishop shall pay a civil fine of \$5,000. The fine is to be paid via check made payable to “Treasurer, State of Maine” and is due at the time Bishop returns the Consent Order containing his signature to the Office of Securities. Failure to include payment in full with his signed copy of the Consent Order will suspend final execution of this Order by the Securities Administrator, at her discretion, until payment is received in full.
2. Bishop’s licenses in Maine as an agent, investment adviser, or investment adviser representative shall be subject to the following conditions and restrictions for a period of two years from the date of licensure:
  - a. Bishop will not act in any principal, supervisory, or managerial capacity for a broker-dealer or investment adviser;
  - b. Within 15 days after learning of any investigation, proceeding, or written or oral customer complaint against him arising out of activities in the securities, insurance, or finance industry, Bishop will send written notification of the investigation, proceeding, or complaint to the Office of Securities;

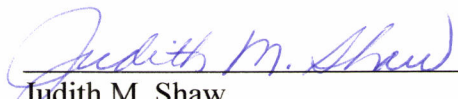
- c. Bishop will not exercise discretionary trading authority in the account of any Maine resident;
  - d. Any broker-dealer or investment adviser with which Bishop is associated shall assign as Bishop's field supervisor an appropriately Maine-licensed person approved in advance by the Office;
  - e. Bishop's supervisor shall make at least 10 follow-up calls semi-annually to Maine investors who have had securities transactions in accounts handled by Bishop. The calls shall be made to the investor, by an individual approved in advance by the Office, within 90 days from the date of the transaction to determine whether Bishop has effected unauthorized transactions or exercised unauthorized discretion; and
  - f. Any other conditions the Securities Administrator deems appropriate at the time of any new licensure.
3. Except as set forth above, the Securities Administrator agrees to take no action adverse to Bishop based solely on the same conduct addressed in this Consent Order. However, nothing in this Consent Order shall preclude the Securities Administrator from: (a) taking adverse action based at least in part on other conduct; (b) taking this Consent Order and the conduct described above into account in determining the proper resolution of any action based on other conduct; or (c) taking any and all available steps to enforce this Consent Order.

Bishop, without admitting or denying the conclusions of law set forth above, by signing below admits the findings of fact set forth above, agrees to the entry of this Consent Order, agrees that it shall have the same preclusive effect as an order issued after hearing and waives his right to a hearing and to judicial review.

Date: 10/31/2012

  
Peter C. Bishop

Date: Nov. 5, 2012

  
Judith M. Shaw  
Securities Administrator